

TESTIMONY OF:

**HARRY NESPOLI,
PRESIDENT OF THE UNIFORMED SANITATIONMEN'S
ASSOCIATION, LOCAL 831 IBT AND CHAIR OF THE MUNICIPAL
LABOR COMMITTEE**

June 27, 2011

My name is Harry Nespoli and I am president of the Uniformed Sanitationmen's Association, Local 831 International Brotherhood of Teamsters. I am also chair of the Municipal Labor Committee ("MLC"). I submit this written testimony in support of the proposed amendments to Local Law 35. On behalf of our members and the MLC, thank you for this opportunity to speak to you in support of the proposed amendments.

Local Law 35 was intended to provide a public process by which to assess the potential benefits or lack thereof for contracting out. To that end, the law added transparency to the contracting process by providing for a more thorough review of certain contracts. The goal of this process was to provide the best services to the public and maintain cost-effectiveness. As recognized in the structure of the law then, and the proposal here under consideration, public employees doing the work or qualified to do the work to be contracted out have a unique and important voice to add to the discussion on whether it is in the public's best interest to have these services provided in-house, with dedicated civil servants, or through an outside contract.

In the some 15 years since the adoption of Local Law 35 it has become clear that the City has ignored the requirements of the law, primarily by reading the triggering criteria so narrowly that the Mayor's Office of Contracts ("MOSCS") head, Marla Simpson, testified in April of this year before this Committee that the City has not had an instance where the obligations of Local Law 35 were triggered in all the years since she became head of MOCs in 2003.

The goal of the law then and now has been to require an open process that mandates agencies to assess the costs and benefits of providing a service in-house with public employees versus providing the service through outside bids. The overriding goal is to ensure the delivery of high quality services to the public in a

cost-efficient manner. The process, however, has not worked the way the Council intended.

The truth is that City agencies, apparently for ideological reasons, have acted under a general preference for contracting out, not based on any legitimate analysis of the benefits in a particular case. This approach, without transparency and oversight, can result, and has resulted, in poorer service and higher costs. The City seems to admit as much with regard to the Information Technology contracts it has let over recent years. Ms. Simpson testified previously that the City has now realized that it can obtain substantial savings by bringing in-house work that had previously been contracted out. Yet, those original contracts, according to Ms. Simpson, did not trigger Local Law 35 because they did not fit the City's overly narrow view of the law. While the contracts arguably should have fallen within the parameters of Local Law 35 previously, *amended* Local Law 35 plainly requires the City to do this analysis *before* the City enters into wasteful contracts, not years later, as they have done only recently. The so called "savings" generated now are really wasted dollars from poor contracting choices in the past. Local Law 35's transparent process could have informed those decisions and resulted in more efficient choices from the start.

Accordingly, the MLC supports the proposed amendments which, while not accomplishing everything sought by the MLC, do give some real teeth to the law:

- ❖ The Amendments close the *loopholes* that the City has exploited to narrow the reach of Local Law 35 so as to make it almost universally inapplicable. Specifically, the City has narrowly read the types of contracts the law applies to and read the displacement provision to require direct and "contemporaneous" layoff. You heard Ms. Simpson tell you at the last hearing that they had *not once* had to engage in the Local Law 35 comparison and disclosures since she has been head of MOCS. Some 56,000 transactions, and *not one* has fallen within the City's narrow view of this law. The law should apply to new, renewed and extended contracts (including successor agreements) for all standard and professional services, meaning, *no loopholes*. It should apply to all general labor contracts. The law should also be triggered when the contract would result in an employment action such as *attrition*; layoff; demotion; bumping; involuntary transfer to a new class, title or location; time-based reductions or reductions in customary hours of work, wages, or benefits of City employees *for the life of the contract*. It is just too easy for the agency to wait until the contract is in place for some period of time and then shift the work from civil servants to the contract and claim it was not "direct" or "contemporaneous." The painters example provided at the last hearing proves

the point. There, a contract was let for painting work that ultimately (not contemporaneously) supplanted essentially the entire unit. According to MOCS, Local Law 35 did not apply. This Amendment would change that.

- ❖ Provide advance notice to the public and collective bargaining representatives of intended solicitation and the reasons therefore. This will permit timely analysis of whether Local Law 35 applies and what the costs and benefits are of pursuing the contract sought by the agency. Advance notice is a logical part of transparency.
- ❖ Avoiding the Local Law 35 analysis should not be as easy as checking a box without further explanation or review. Currently, agencies may simply self-certify that no displacement will occur by *checking a box*. No further information is provided, preventing any meaningful evaluation of whether that determination is correct. The proposed amendment requires the agency to actually explain the information that the agency's analysis is based, so that it may be assessed whether the conclusion is reasonable or a mere pretext for avoiding the law's public process. While it would seem logical that an agency is doing this analysis anyway, in reality they are not and need be compelled. The amendment would require the agency to provide information to the public about who does or could do the contemplated contracted work in-house. This will provide transparency as to whether there is a need to contract out at all.
- ❖ The law should apply to entities that receive City taxpayer dollars, are overseen by City appointees and/or provide services to City residents. As you have heard and will hear, many of the worst abuses in contracting out have involved non-mayoral agencies such as the DOE. We recognize that there is some difference in scope between mayoral versus non-mayoral agencies, however, the City Council plainly has the power to prescribe reporting requirements in areas of concern to the Council and the citizens of New York City. The addition of Section 9 here allows for proper reporting of their activities in this sphere

For all these reasons and those provided in past hearings, we urge you to support the changes we seek so that the people of the City receive the best services possible.

**TESTIMONY OF HENRY GARRIDO
ASSOCIATE DIRECTOR, DISTRICT COUNCIL 37
BEFORE THE NEW YORK CITY
COUNCIL CONTRACT COMMITTEE
JUNE 27, 2011**

Good Afternoon Councilmember Mealy and members of the City Council. I would like to thank you for allowing me the time to testify on the proposed amendment of Local Law 35.

District Council 37 represents over 125,000 municipal employees in all city agency as well as 50,000 retirees. The great majority of our membership lives within the five boroughs. Therefore, the manner in which the City conducts its business affects our members both as part of the workforce responsible for delivering services and as well as individual taxpayers.

Over the past decade, District Council 37 has been documenting the waste in the city's privatization of public services. As we have seen over and over again, the City has failed to achieve any real savings by contracting out services for work that city workers could do cheaper and more efficiently. The prime example of this waste is the fraud of the recent City Time scandal. Nearly \$800 million of taxpayer's dollars has been squandered on this boondoggle.

Local law 35 was initially passed to help protect taxpayers by requiring a comparative cost analysis if the contract would result in displacement of a city workers. We know now from previous testimony that during the current Bloomberg administration no finding of displacement has ever taken place. Time and time again the Mayor has fought us in our efforts to save taxpayer dollars and contract-in more of the work and eliminate out of state and foreign contractors.

Amending Local Law 35 addresses some of those issues by allowing the union more time to review requests for proposals and it also better defines some of the important issues that will allow the union to make counter proposals.

The Intro modification allows for a 60 day period for the union to review RFPs and to make a counter proposal. It also requires the agency to detail more of the nature and reasons for such a contract. Just as important, the modifications will require a more detailed certification from the agency that existing public employees are not going to be displaced without a cost analysis justifying the action.

In the past the City entered into many contracts without properly justifying those actions as being cost beneficial to the taxpayer. This is how we ended up with consultants getting paid more than \$400,000 per year for work our members could have done at a fraction of the cost.

We are also happy to see that the City Council included measures to require the Department of Education to report their contract activity to the City Council. The Department of Education is the largest single agency in the City contracting for billions of dollars of services every year. While the union has always felt that giving the Mayor control of DOE should have come with more oversight, somehow the procurement policy and purchasing of DOE never had any proper oversight from the City Council.

The amendment of Local Law 35 attempts to address some of the issues that have plagued DOE when it came to purchases and procurement. The bill's requirement for the City to report to the City Council on a quarterly basis the impact of professional and standard services contracts on existing DOE employees will lead to greater transparency and accountability in the contracting process.

Our union has always fought for our members, but we also fight as responsible partners with the City to insure taxpayer's money is properly spent. This Intro helps to bring more sunlight and accountability to the procurement process that will only yield savings for everyone.

We hope that the success of this measure will not only demonstrate to the City Council how the union can help bring about savings, but also that the current workforce is up to the task of providing the best means of serving the needs of the City.

We look forward to working with the City to insure every dollar spent on services is spent wisely and effectively.

Testimony of
Arthur Cheliotas, President
Local 1180
Communications Workers of America

Before the
The New York City Council
Committee on Contracts

Darlene Mealy, Chair
Members: Robert Jackson, Letitia James,
Melissa Mark-Viverito and Michael C. Nelson

Monday, June 27, 2011 1:00 PM
250 Broadway - Committee Room, 16th Fl.

Regarding
A Local Law to amend the New York City charter,
in relation to the procedure
governing agency service contracts.

Given the current scandal regarding CityTime and pending investigation into the cost overruns and delays with the consolidated 911 call center, strengthening the laws governing contracting out public services is absolutely necessary. We believe this mushrooming of these contracts during the Bloomberg administration is part of a larger ideological agenda driven by rich elites in our nation committed to destroying democratic government and making profit centers out of essential services government provides to everyone. They have great power because they control our financial institutions and mass media but they want it all. They have effectively gained control of the federal judiciary which has legalized their intrusion into the political process and made our federal government a profit center for their greed. Today more than half of the federal civilian payroll goes to private contractors.

The other parts of their agenda include shifting the tax burden from rich elites to the middle class and poor and eviscerating the public's regulation for the public interest. They create a budget crisis by starving government of the resources needed to provide essential public services. They replace career civil servants with appointees who jump from the private sector to the public sector and back again. These appointees have sabotaged the effectiveness of regulatory agencies such as the Minerals Management and the Securities and Exchange Commission.

In addition, the lagging wages, benefits and pensions for educated and experienced civil servants has forced the federal government to use one set of contractors to monitor contract compliance and performance of other contractors. All of this has increased the cost of government and crippling government's ability to serve all our citizens and protect them from exploitation by the rich elites.

The same is true for our city. The city has a long sad history of not investing in developing skills and expertise within the ranks of career civil servants. The city's failure to offer competitive compensation for expertise within the career workforce allows managers to claim the need for outside contractors. Contractors resist training city personnel to run the new systems for the obvious reasons that it would put them out of business. The city does not require contractors to train city staff on the new systems. The result is service contracts in perpetuity following installation. This dependency on private contractors that pay higher wages and offer bonuses is very costly to the taxpayers while profitable to contractors.

The last three term Mayor Ed Koch faced a major scandal in his last term when it was revealed that his administration ran a patronage mill out of the basement of City Hall. The New York State Commission on Government Integrity headed by John D. Feerick, then Dean of the Fordham Law School, confirmed that violations of the Civil Service Law contributed to the corruption scandals of the Koch administration. In its report issued August of 1989 entitled 'Playing Ball' with City Hall: A Case Study of Political Patronage in New York City the Commission found that mid and high level patronage appointments in the Department of Transportation led to corruption. It allowed these appointees to undermine the bidding process, violate the public trust and engage in other illegal activities that cost the City millions of dollars and resulted in the felony convictions of many individuals and suicide of an elected official. The commission report stated:

"As the perception of patronage spreads, it reduces the attractiveness of city government service as a career and can have a negative long-term impact on the quality of public service that cannot be measured. The existence of patronage saps incentive for meritorious service and diminishes penalties for substandard performance. Career employees can become demoralized and cynical about their work. When they are committed to the mission of the agency, they see that mission frustrated by political considerations. The cynicism may be accompanied by resentment or resignation; in either case, employees' sense of professionalism is demeaned" because it receives limited reward or recognition. Worse, employees see themselves compromised because they are required to participate in the patronage practices they find offensive. And, inevitably, their motivation to oppose corruption is lessened."

The third term of the Bloomberg administration appears to be headed down the same path. It has been described as 'pinstripe patronage'.

There are many examples of the failure of contracting out to reduce costs and provide a workforce committed to the needs of government. At the federal level the one that is a concern to all Americans especially New Yorkers, began with the tragic events of September 11, 2001. It required an immediate build up of our inadequate intelligence infrastructure by an administration committed to 'pinstripe patronage'. An article in the July 20, 2010 Washington Post by Dana Priest and William M Arkin titled National Security Inc. confirms that using these private contractors is too expensive and present conflicts of interest that pose serious security risks to our nation.

They report: "What started as a temporary fix in response to the terrorist attacks has turned into a dependency that calls into question whether the federal workforce includes too many people obligated to shareholders rather than the public interest -- and whether the government is still in control of its most sensitive activities. In interviews last week, both Defense Secretary Robert M. Gates and CIA Director Leon Panetta said they agreed with such concerns." ...

They further report: "A second concern of Panetta's: contracting with corporations, whose responsibility "is to their shareholders, and that does present an inherent conflict." ... "Or as Gates, who has been in and out of government his entire life, puts it: "You want somebody who's really in it for a career because they're passionate about it and because they care about the country and not just because of the money."

Hiring contractors was supposed to save the government money. However, that has not turned out to be the case. A 2008 study published by the Office of the Director of National Intelligence found that contractors made up 29 percent of the workforce in the intelligence agencies but cost the equivalent of 49 percent of their personnel budgets. Gates said that federal workers cost the government 25 percent less than contractors."

The same claims that the private sector can do it cheaper than government at the state and city levels are also false. The recently published book Pinstripe Patronage by veteran NY Times reporter Martin Tolchin and his wife Susan Tolchin a political scientist describes the corruption privatization creates. This new form of patronage has replaced patronage jobs for loyal political club members with lucrative contract for political supporters and contributors. The corruption revealed in the third term of the Koch administration has morphed during the third term of the Bloomberg administration from the political clubhouse to the country club. That is why it requires stricter regulation by the city council.

My research on pinstripe patronage sent me to of all people to the current deputy mayor Stephen Goldsmith who was formerly mayor of Indianapolis.

In an article written in CITY LIMITS by Neil deMause on June 30, 2010 entitled New Deputy Mayor's Privatization Push Still Has Critics the reporter writes:

"Goldsmith was elected mayor in 1991 on a platform of privatizing city services, and immediately set out to put his plan into action. Goldsmith appointed a "Service, Efficiency, and Lower Taxes for Indianapolis Commission" (SELTIC), led by private business leaders, to examine every facet of city government for possible privatization. The core of his philosophy was what in his 1997 book "The 21st Century City" Goldsmith called the "Yellow Pages test": "If the phone book lists three companies that provide a certain service," he wrote, "the city probably should not be in that business."

Despite declaring, "my goal is not to lay off city workers," Goldsmith immediately announced a series of layoffs, as a part of a massive reorganization of city departments, particularly those overseeing construction and public works. Agencies involved in regulatory oversight were a favorite Goldsmith target.

His predecessor as mayor, William Hudnut, later reported that Goldsmith's deputy mayor declared the new administration's motto to be:

"If it isn't broke, break it and then fix it."

In my mind his handling of this winter's disastrous snowstorm reflects that thinking. In Indianapolis when Goldsmith moved from layoffs to actually privatizing services, his initiatives featured a common theme: City services would be farmed out to a private firm, the private firms would then increase profits would then hike fees.

For example, Goldsmith privatized the city's golf courses with a no-bid contract to turn them over to the golf pros who had previously run them for a flat fee, on the argument that they could raise more revenue. According to Indiana Alliance for Democracy president Jack Miller, writing in the 2001 anthology "To Market, To Market: Reinventing Indianapolis," revenues indeed went up, but only for the private partners: Since the new contracts provided that all capital improvements would be paid for by the city, while virtually all revenues would go to the new private managers, the pros simply hiked greens fees and kept the windfall profits for themselves.

A recent report by DC 37 on our city's failure to assess fees and taxes and collect revenue explains why sabotaging regulatory agencies is part of the larger ideological agenda of starving government by and for the people and rendering it ineffective is the goal of these saboteurs. Goldsmith's approach to contracting out government services at any cost to the taxpayer or the proper delivery of public services is the path this administration has chosen.

By the end of his eight years in office, Goldsmith could brag that he had successfully reduced city worker headcount in departments other than police and fire services by 40 percent. The result, he claimed, was \$190 million in savings. But according to Miller, there were no independent audits made of these claims. His own research of city fiscal records found that nearly \$300 million in extra spending on private services offset any savings.

In an article titled "Selling Out City Hall" by Jack Miller in the *Progressive Populist*, in 1999 Miller wrote: "He was elected on a platform of privatizing city services, and privatize he did. By the end of his tenure, Goldsmith had eliminated 40% of the city's police and firefighters and the result, he claimed, was \$230 million in savings. But the Comprehensive Annual Financial Report of the City of Indianapolis shows that the city's expenditures rose from \$1.9 billion in the previous administration to more than \$3.1 billion at the end of Goldsmith's first term. And the long-term bonded debt rose from \$542 million to \$901 million."

If Mayor Bloomberg hired Goldsmith to improve services to the public and reduce costs, he hired the wrong man. Moreover, his is following the wrong agenda.

- Contracting out may reinvent government but not by and for the people.
- Contracting out do increase profits to a select few but does not lower the cost of government services.
- Contracting out does undermine the public's confidence in our government's ability to provide essential public services.
- Contracting out allows Pinstripe Patronage to run rampant and enrich the country club set at the expense of the public.

We strongly believe investing in training and developing the skills and knowledge of our city's career employees will enhance the delivery of essential services to the public. Providing transparent and equitable career paths will draw the best and brightest to public service. Honoring the rights of workers to organize and negotiate with public employers as equals must be acknowledged as a pillar of a true democracy.

The public workers of our city provide the essential services needed for commerce, industry and a civil society to exist. Those who will not pay according to their means to fund government properly while they prosper from the services it provides pose a threat the foundation to our democracy. They are a threat to government by and for the people.

I urge you to strengthen the law and restrict contracting out of public services. Rather than contracting out demand that the administration invest in the workforce by developing expertise from within. Use the vast resources of the City University of New York to train staff and meet the needs of our government to provide for the needs of all New Yorkers.



OFFICE OF THE MAYOR

OFFICE OF CONTRACT SERVICES

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MARLA G. SIMPSON
Director

**Testimony of Marla G. Simpson, City Chief Procurement Officer and Director,
Mayor's Office of Contract Services, Before the City Council Committees on Contracts:
Proposed Local Law on Agency Service Contracts**

June 27, 2011

Good afternoon Chair Mealy and members of the Committee on Contracts. I am Marla G. Simpson, Director of the Mayor's Office of Contract Services (MOCS), and I am here to present the Administration's testimony on the proposed bill concerning City contracts for services. I am joined by David Ross, Executive Director, Contracts and Purchasing at the Department of Education (DOE); Joe Quinones, Assistant Vice President for Contract Administration and Control, and John Jurenko, Senior Assistant Vice President for Intergovernmental Relations, at the Health and Hospitals Corporation (HHC); Natalie Rivers, First Deputy General Manager at the New York City Housing Authority (NYCHA); and Josh Nachowitz, Assistant vice president for government & community relations at the New York City Economic Development Corporation (EDC).

In these tough economic times, we must continually assess how services are delivered to the public, paying close attention to the bottom line – the cost of delivering these services. Throughout City government, our Commissioners carefully examine how the City's costs are affected by the decisions we make regarding who delivers services. We know that in many instances, the most cost-effective way to deliver the high quality services New Yorkers depend on is by giving that work to City employees to perform.

The Department of Environmental Protection (DEP), for example, recently awarded a capital maintenance contract for work at the North River Wastewater Treatment Plant to a joint bid made up of employees from Local 1320, the Sewage Treatment Workers, and Local 3, the International Brotherhood of Electrical Workers, at a price 12% lower than the lowest outside contractor's bid. This in-sourcing pilot program allows municipal unions to compete against private contractors for repair work at wastewater treatment plants and pumping stations.

In addition, during Fiscal Year 2011, my office spearheaded a citywide Contract Cost Containment Initiative, seeking voluntary price cuts from the City's largest vendors, to reduce the cost of current contracts. Agencies have worked with us diligently, and so far, we're projecting approximately eighteen million dollars of total savings and eight million dollars of new revenue. One of the project's successes has been the negotiation of "freezes" in the cost of living adjustments (COLAs) that some vendors would have earned under their current contracts. In the technology arena, for example, COLA freezes were successfully negotiated with Gartner, Camelot Communications and Motorola, for projected savings of close to one million dollars.

So the Bloomberg Administration shares the Council's goal of providing the best quality of service at the lowest cost. We thus welcome many of the aims of this legislation. We understand the need for a robust, open and public dialogue regarding service delivery options, and we agree that data collection and analysis is a necessary element of that dialogue. We will work with the Council on the proposed bill to clarify its requirements and to ensure that the most relevant information is made publicly available in a timely manner.

In the remainder of my testimony, I will share some particular concerns and suggestions. At the outset, I will focus on the bill's provisions that apply to Mayoral agencies that are governed by Chapter 13 of the Charter, and by the Procurement Policy Board (PPB) rules. The bill would impose a public notice requirement when such agencies initiate contract actions. We urge that any notice mandate be targeted so as not to unduly complicate what is already a very cumbersome process that increases our costs, leads to additional delays and discourages vendors from participating, particularly small and Minority and Women-owned Business Enterprises (M/WBEs).

The solicitation period for competitive procurements generally lasts between one and three months. All procurements, including renewals, undergo extensive responsibility reviews at the agency level, which takes at least forty-five (45) days. Many contracts require oversight approvals, such as from MOCS. Many require public hearings and all go through a thirty (30) day review for Comptroller registration. Thus, the current procurement cycle allows plenty of time for public comment on potential contracting out decisions, so long as the public knows they are occurring. So we understand the Council's aim to shine more light on this important process.

In 2004, the Council and Administration joined together to enact legislation to improve the contracting process for nonprofit human services vendors. Local Law 24 mandated an annual Human Services Plan, which is released each year following budget adoption. This web-posted publication details all the contract actions agencies intend to take during the coming year, either to continue existing programs or to initiate new ones. When the plan is released, we hold a hearing to invite comments concerning individual contracts or more generally, on the contracted programs. More significantly, since the plan is regularly updated, vendors with current contracts can track their status, and new vendors can learn about upcoming agency solicitations.

In recent years, my office has developed and published similar plans that lay out agencies' intended contracting actions in the construction arena, which is called the "Construction Pipeline," as well as a similar annual plan for the issuance and renewal of concessions.

For services contracts initiated by Mayoral (PPB Rule) agencies, we encourage the Council to maximize the potential for meaningful dialogue by establishing a comprehensive annual Contracted Services plan, whereby agencies would provide notice of the contract actions (including renewals and extensions of existing contracts) for the coming year. Such a plan would provide the Council ample notice of these contracts. It would be noticed in the City Record, so that interested vendors, as well as City unions and other members of the public could learn about planned contracts. The City Record is already widely used by both vendors and City employees to obtain similar information, as it is becoming the City's one-stop shopping site for information on contract opportunities. Indeed, we recently instructed agencies to post the full texts of bid solicitations for downloading from the City Record On-Line, as they have done for several years now with requests for proposals.

Certain procurements should be excluded from the advance notice requirements, however. Emergency procurements obviously must proceed on a highly expedited basis. They also require advance approval from the City Comptroller. Similarly, procurement contracts with other governmental entities, which are mainly used to provide unique services that are often of a highly time-sensitive nature, should not be subject to additional notice requirements. These contracts already generate public hearings and publication notices at the time of

award. And lastly, small purchases, for which the PPB Rules currently require the "5 + 5" targeted solicitation process to encourage M/WBE participation, should not be subject to advance public notice mandates.

The proposed bill would also expand the analyses that Mayoral (PPB rule) agencies must perform to comply with Section 312 of the Charter. As you know, the Charter currently limits this mandate to contracts for technical, consulting and personal services, and excludes other types of services. We do not object to the proposed requirement for cost benefit analyses for all contracts that may directly displace City workers, regardless of the type of services. We are confident that OMB and the agencies already do rigorous cost comparisons prior to making any decisions to utilize outside contractors to provide services. However, extending the requirement to "indirect displacement," which is not clearly defined, could require agencies to compile hundreds or potentially thousands of detailed analyses, imposing a substantial cost -- which can only come from the same budgets that support the services we provide to the public. Any such mandate should be targeted to areas where head-to-head comparison of outside vs. in-sourcing costs is more likely to yield opportunities.

One key factor is industry type. To facilitate your consideration of this bill we have provided a list of all of the standardized and professional service contracts that Mayoral (PPB Rule) agencies registered during the current fiscal year, or that are currently before the Comptroller for registration, other than emergency awards, government entity contracts and small purchases. For illustrative purposes, we classified these contracts by industry sub-type, so that you can see what City agencies actually procure, that could be affected by this bill.

Some construction-related services are treated as standardized services, where they involve routine maintenance, rather than large-scale renovation. Among these are contracts for building maintenance, plant maintenance, landscaping work and street light maintenance. They are covered by prevailing wage requirements. Most are covered by apprenticeship mandates and some by Project Labor Agreements. Hence, they are most often awarded to union firms. The City has contracted out for large-scale repair work decades, as it often requires significant investments in equipment and materials, so it is highly unlikely that agencies have in-house capacity or that in-sourcing opportunities can be identified there. This is also likely the case for large-scale architectural and engineering work, and that is also an area where our M/WBE program, has been successful in creating

opportunities through the imposition of goals. Agencies also procure services contracts in various specialty categories, such as contracts with advertising agencies and contracts with outside experts hired as litigation consultants, for which comparative cost analyses would either be clearly fruitless and/or inappropriate.

One area we are closely examining for comparative costs is information technology contracting. We are shifting more work from outside consultants to public employees, particularly by strengthening and expanding our in-house project management capability. But there are other types of IT services contracts for which a cost benefit analysis would be an empty exercise, for example, contracts that package IT services with the purchase of goods, typically software. Software contracts are often classified as standardized services, because support services accompany the purchase of the underlying goods. Similarly, for some types of equipment, for both IT hardware and for some heavy equipment in the City's industrial plants, maintenance services must be secured through authorized outside vendors, or from the manufacturer itself, in order to obtain warranty protection.

For the non-PPB Rule agencies, the Administration is concerned that the reporting provisions are likewise overbroad and potentially too burdensome. By law, these agencies have procurement processes that are independent from those of the Mayoral agencies, and are not subject to the Charter or PPB Rules. But overall, the Administration shares the Council's aims for this bill, and we look forward to working with you to achieve those goals in a strategic and cost effective manner, while greatly enhancing public information on the contracting process from all of our agencies.

I am available to answer any questions the Committee may have at this time.

**THE COUNCIL
THE CITY OF NEW YORK**

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in favor in opposition

Date: 6/27/11

Name: Arthur Chelatos (PLEASE PRINT)

Address: 6 Harrison St

I represent: CWA Local 1180

Address: 6 Harrison St

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Date: 6/27/11

Name: Henry Garrido (PLEASE PRINT)

Address: 125 Barclay St NY 10007

I represent: Associate Director, DC 37

Address: _____

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Name: MARLA SIMPSON, DIRECTOR (PLEASE PRINT)

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I represent: MAYOR'S OFFICE OF CONTRACT SERVICES

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Date: 6/27

Name: David Ross (PLEASE PRINT)

Address: Executive Director

I represent: Division of Contracts +

Address: Procurement, DOE

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Name: Mattie Rivers (PLEASE PRINT)

Address: 250 Broadway

I represent: NYCHA

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Date: 6/27/11

(PLEASE PRINT)

Name: Henry Garrido

Address: 155 Barclay St, 10007

I represent: DC 37

Address: 125 Barclay St

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THE CITY OF NEW YORK**

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I intend to appear and speak on Int. No. T 211-3234 Res. No. _____

in favor in opposition

Date: June 27 2011

(PLEASE PRINT)

Name: Alan M. Kinnock, Esq

Address: Stooder & Stooder, Loran, LLP, 180 Maiden Lane, NY, NY

I represent: Manhattan Labor Committee, Harry Nespoli NY

Address: Uniformed Services of America, 25 Cliff Street NY, NY

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